

# 2007-2008 PERFORMANCE PLAN – Sr. Investment Officer / Asset Allocation-Risk Management (F. Majeed)

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## Quantitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule	3 <sup>rd</sup> Quarter Status
35%	Total Fund	Excess return in basis points relative to total fund performance. (SJ1CA1 – CPERST02)	-40 basis points = 0 0 basis points = 1.0 +20 basis points = 1.5	-74 bps {(-1.94) - (-1.20)}
15%	Inflation-Linked Asset Class (ILAC)	Excess return in basis points relative to benchmark (SX2CA1 – CPERSCP4)	0 basis points = 0 +30 basis points = 1 +50 basis points = 1.5	+435 bps {6.96 - 2.61}
50%	Subtotal	Quantitative Measures		

## Qualitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule	3 <sup>rd</sup> Quarter Status
15%	Asset Allocation	1. Conduct ALM review and workshop by 11/30/07 to include new Inflation linked asset class and other strategic changes. 2. Recommend new asset allocation policy targets and implementation ranges by 12/31/07.	From Schedule	1. ALM Workshop conducted in November 2007.  2. New Asset Allocation Policy recommended and approved by IC in December 2007, with ILAC as a new asset class.
5%	Currency	Conduct currency discussion with IC in Q1 and develop currency strategy for total fund in collaboration with the units by 6/30/07.	From Schedule	Currency item was presented to IC off-site in January 2008.
5%	Inflation Linked Assets	1. Present inflation linked asset policies to Investment Committee. 2. Subject to IC approval of the pertinent policy, deploy assets in the IL asset class components to achieve interim target levels.	From Schedule	1. ILAC Master Policy and 3 components (Commodities, ILB, Forestland) were presented to Policy Subcommittee and approved by IC in February 2008. 2. ILAC assets were increased to \$3.5 billion as of March 2008 to meet the implementation target of 1.5% of total assets.

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Weight	Factor	Performance Measure	Incentive Schedule	3 <sup>rd</sup> Quarter Status
10%	Risk Management	<ol style="list-style-type: none"> <li>1. Increase awareness and use of risk system as tool across the asset classes.</li> <li>2. Develop comprehensive risk methods to augment the existing risk metrics.</li> <li>3. Develop and advance risk budgeting concepts.</li> </ol>	From Schedule	<ol style="list-style-type: none"> <li>1. In Progress</li> <li>2. In Progress</li> <li>3. In Progress</li> </ol>
15%	Leadership	<p>Demonstrate leadership within CalPERS and in the external investment community, as both industry and staff (or team) leaders. Dimensions, all of which will be considered, include:</p> <ul style="list-style-type: none"> <li>• <b>Within Investment Group</b> (e.g., teamwork within and across asset classes, timely preparation of staff performance appraisals, appropriate employee recognition)</li> <li>• <b>Trustees</b> (e.g., written and oral presentations to Investment Committee and Investment Policy Subcommittee)</li> <li>• <b>CalPERS</b> (e.g., involvement in enterprise-wide initiatives and programs)</li> <li>• <b>External Investment Community</b> (e.g., relationships with external business partners and stakeholders, presentations at conferences and similar events, representation on external boards and committees)</li> <li>• <b>Diversity</b> (e.g., promote meaningful diversity among our investment partners and staff)</li> <li>• <b>Succession Plan</b> (e.g., training and developing strong internal candidates to potentially fill my role in the future)</li> </ul>	From Schedule	<p>Presented CalPERS ILAC/Infrastructure Program to LA Pension Trustees Meeting (2/11/08) and CALAPRS Annual Conference (3/4/08).</p> <p>Gave Keynote Address at Asset Allocation Summit, Sydney, Australia (2/27/08).</p> <p>Led the "Strategic Intent" group as part of the strategic development of INVO to create Strategic Intent statement and value creation model.</p> <p>Presented monthly updates on the ILAC implementation to the IC.</p>
50%	Subtotal	Qualitative Measures		
100%	Total	Quantitative and Qualitative Measures		